

ADJUSTMENT OF MILK PRICES

DECEMBER 8 (legislative day, DECEMBER 7), 1943.—Ordered to be printed

Mr. AIKEN, from the Committee on Agriculture and Forestry,
submitted the following

REPORT

[To accompany S. 1418]

The Committee on Agriculture and Forestry, to whom was referred the bill (S. 1418) to provide for the adjustment of prices on milk, and for other purposes, having considered the same, report favorably thereon with an amendment (in the nature of a substitute) and recommend that the bill as amended do pass.

PURPOSES OF THE BILL

The principal purpose of S. 1418 as amended by the committee is to provide for price adjustments with respect to milk and other dairy products, with a view to assuring the maintenance of production of these vital commodities at levels adequate to supply the needs of the Nation during the wartime period.

Although the Congress, under existing laws, has provided machinery designed to provide for adjustments in the prices of these essential food products to keep pace with changing economic conditions, this machinery has been to a great extent rendered ineffective by present dairy pricing policies of the Government.

Thus, the act of October 2, 1942, amending the Emergency Price Control Act, contained provisions authorizing the adjustment of maximum prices on agricultural commodities where necessary to increase production for war purposes, or where established prices do not reflect increased production costs incurred subsequent to January 1, 1941. This act also provided that adequate weighting should be given to farm labor.

Also, under the Agricultural Marketing Agreement Act of 1937, the Secretary of Agriculture is authorized so to prescribe and adjust minimum prices to producers of milk in interstate markets electing to come under the act, that feed prices, the availability of feed, and other changing economic factors shall be reflected in such prices.

The above-mentioned provisions of these two statutes have been largely nullified by the administrative policies which have been pursued in recent months in connection with the pricing of dairy products. This fact indicates the need for prompt enactment of the additional safeguards against administrative nullification which S. 1418 is designed to provide.

It should be pointed out that it is not the purpose of S. 1418 to fix the prices of dairy products by legislative fiat, but merely to raise such prices as a temporary expedient designed to prevent a further decline in production pending the effectuation of the adjustments provided for in the bill.

EXPLANATION OF PROVISIONS

The first section directs the War Food Administrator and the Price Administrator, respectively, to support a specified price level and adjust maximum price ceilings to at least that level. Such adjustments would apply at all stages of distribution to maximum prices established for milk and its products under the emergency price-control legislation, to minimum prices to producers of milk established under the Agricultural Marketing Agreement Act of 1937, or comparable State laws, and to existing support prices announced by the Secretary of Agriculture for dairy products, including butter, American cheese, evaporated milk, and for spray and roller process skim-milk powder. Under this section all such prices, including as a part thereof any subsidy payments in effect prior to October 1, 1943, are to be increased forthwith the equivalent of 46 cents per hundred-weight of whole milk, except in the case of butter, where the increase shall be the equivalent of 6 cents per pound.

Under section 1 (b) minimum class prices to producers, established under the Agricultural Marketing Agreement Act of 1937, are increased correspondingly, and provision is made for adjustment of such prices to keep pace with adjusted maximum price ceilings.

Section 2 (a) provides for future periodic adjustments in maximum prices for milk and dairy products, necessary to reflect changes in labor, feed, and other production costs, to place milk production on a competitive basis with alternative opportunities available to producers, to correct inequities between markets, and to maintain or increase the production of milk and the products thereof for war and civilian purposes. Consideration is required to be given also to historical and normal differentials between markets and regions. Maximum prices as adjusted under this section may not be less than the support prices, nor below the minimum producer prices prescribed in section 1.

Section 2 (b) provides the machinery for determining the amounts of adjustments required under section 2 (a). Briefly, the War Food Administrator and the Price Administrator are directed to hold public hearings, and to issue joint findings based upon the evidence adduced at such hearings. The Price Administrator is then required to enter orders adjusting maximum prices in conformance with such findings.

Subsection (c) of section 2 permits the taking of appeals, by persons adversely affected by any such order of the Price Administrator, direct to the Emergency Court of Appeals established pursuant to the Emergency Price Control Act of 1942.

The payment of subsidies to reduce or maintain, or in lieu of increasing, maximum prices established on milk or milk products, is expressly prohibited by the provisions of section 3. An exception is made to permit the making of subsidy payments which shall have accrued prior to December 31, 1943.

The provisions of section 1 would continue in effect until 1 year from the date of the cessation of hostilities in the present war as determined by the President by proclamation, or by the Congress by concurrent resolution. The remainder of the act would terminate upon a date specified by concurrent resolution of the Congress declaring further continuance unnecessary in the interests of the national defense and security.

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